The net result represents the surplus or deficit in the year's revenue account.

The second division deals with outlay incurred in building up productive assets, *i.e.*, properties of a remunerative character which are usually financed from one or more of the following sources :—

(i) Borrowed funds.

(ii) Contributions and receipts of a capital nature intended to be applied to Capital expenditure.

(iii) Revenue surpluses.

The third division comprises debt in-comings and out-goings, such as deposits, loans and advances, receipts from which represent a liability and payments, an asset, Government acting practically as bankers in respect of these transactions.

The fourth and last division embraces the adjusting heads, under which appear all cash remittances from one treasury or bank to another, besides those which are necessitated by the system of exchange accounts in force among departments of Government, and between the Government of Mysore and the Government of India.

**5.** In each of the four divisions mentioned above, the transactions are grouped into sections which are further sub-divided into major, minor and detailed heads of account.

**6.** The accounts under the several divisions are worked from balance to balance. These balances are merged in the general cash balance of the State, some portion of which is kept in the State Treasuries, while the rest is deposited with the Government Bankers in India and in London.

**7.** In this Memorandum, endeavour is made to explain the salient features of the transactions under the first two divisions, *viz.*, Revenue and Capital, the expenditure grants under which, with some reservations, are subject to the vote of Legislature, and brief references wherever necessary are made to the others.

**8.** Prior to dealing with the Budget Estimates of 1929-30, which is the main theme for discussion, the closed accounts of the financial year 1927-28 and the anticipated results of the current year will as usual be briefly reviewed.

## Accounts 1927-28.

**9.** *Comparison of the actuals of 1927-28 with the budget of that year.*—The total Revenue and Expenditure in the closed

accounts of the year 1927-28 compared with the budget estimates of that year and the actuals of 1926-27 stand as follows :—

[In lakhs of rupees.

| Particulars | Budget 1927-28 | Actuals 1927-28 | Better + or Worse— | Actuals 1926-27 |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. |
| Total Revenue ... ... | 340·10 | 360·81 | +20·71 | 338·69 |
| Total Expenditure ... | 355·43 | 368·39 | ... | 354·62 |
| *Deduct*—Expenditure met from Reserves. | —15·63 | —7·99 | .. | —7·22 |
| Net-expenditure charged to year's revenue. | 339·80 | 360·40 | —20·60 | 347·40 |
| Surplus + or deficit— ... | + ·30 | + ·41 | + ·11 | —8·71 |

**10.** At the time of the preparation of the budget, the revenue transactions of the year 1927-28 were expected to result in a small surplus of Rs. 30,000 and this position of equilibrium anticipated in the budget has been realised in the actuals.

**11.** The net result of the revenue transactions of 1926-27 was a deficit of Rs. 8·71 lakhs. It was explained in the last year's Memorandum that this deterioration in the revenue position of the year 1926-27 was temporary and peculiar to that year. This statement has been justified by later figures.

**12.** The budget of 1927-28 counted on a total revenue realisation of Rs. 340·10 lakhs. The actual net revenue realised during the year was more by Rs. 20·71 lakhs, almost all the revenue heads except IV Income-tax contributing to this satisfactory improvement. The Major heads II Forest and XXIV Railways have continued to be progressive and yielded about Rs. 13 lakhs more than the budget expectation.

The large falling off in the Income-tax revenue by Rs. 3·39 lakhs was, as explained at the time of the preparation of the revised estimates of the year, mainly due to heavy refund claims preferred by the Kolar Gold Mining Companies under Section 49 of the Income-tax Regulation.

**13.** The important variations in the actuals as compared with the budget are detailed in the subjoined table.

[In lakhs of rupees.

| Major Head | Budget 1927-28 | Actuals 1927-28 | Increase | Decrease |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. |
| I. Land Revenue .. | 126·02 | 127·42 | 1·40 | ... |
| II. Forest ... ... | 34·82 | 43·09 | 8·27 | ... |
| III. Excise .. ... | 61·39 | 63·62 | 2·23 | ... |
| IV. Income-tax .. ... | 15·02 | 11·63 | ... | 3·39 |
| V. Stamps .. .. | 20·40 | 21·70 | 1·30 | ... |
| VI. Registration ... ... | 3·45 | 3·69 | ·24 | ... |
| VIII. Mining Revenue ... | 12·33 | 14·12 | 1·79 | ... |
| IX. Interest ... ... | 6·94 | 7·57 | ·63 | ... |
| XIX. Civil Works ... ... | 1·48 | 3·11 | 1·63 | ... |
| XXIV. Railways ... ... | 20·00 | 24·68 | 4·68 | ... |
| XXV. K. R. S. Hydro-Electric and Irrigation Works. | 26·61 | 27·92 | 1·31 | ... |
| Minor increases and decreases under other heads. | ... | .. | ·81 | ·19 |
| Total ... | ... | ... | 24·29 | 3·58 |
| | | | Net increase | 20·71 |

**14.** *Revenue Expenditure.*—The total expenditure as provided in the budget was 355·43 lakhs of which a sum of Rs. 15·63 lakhs was chargeable to the Reserves. The actuals show that the aggregate expenditure was Rs. 368·39 lakhs and that a sum of Rs. 7·99 lakhs only was charged to the Reserves as per particulars given below :—

| Sl. No. | Reserve from which met | Nature of expenditure | Amount |
|---|---|---|---|
| | | | Rs. |
| 1 | Special Reserve for non-recurring expenditure. | Viceregal visit charges ... | 98,247 |
| 2 | Irrigation Capital Reserve. | Outlay on Bhadra Anicut and Channels. | 1,58,613 |
| 3 | Irrigation Cess Fund ... | Outlay incurred on the construction and restoration of Irrigation works as per sanctioned triennial programme. | 2,41,487 |
| 4 | Famine Insurance Reserve. | For meeting the cost of other Irrigation Works including restoration of minor tanks. | 3,00,000 |
| | | Total ... | 7,98,347 |

**15.** As compared with the budget, the actual expenditure was more by Rs. 12·96 lakhs. The noticeable increases and decreases appear under the following heads :—

| Heads | Increase in lakhs | Decrease n lakhs | Explanation |
|---|---|---|---|
| | Rs. | Rs. | |
| 1. Land Revenue. | ·25 | ... | This is the net result of increases under detailed heads 'Revenue Commissioner' and 'Remuneration to shanbhogs and patels,' counter balanced by decreases under Charges of District Administration (due to a receipt of ·51 lakh on account of charges of introduction of Record of Rights which was set off against expenditure) and Revenue Survey. |
| 2. Forest ... | ·72 | .. | The main items that have contributed to the increases are 'Timber and other produce removed by Government agency,' 'Protection from fire,' and charges on account of creosoting plant, which are set off by decreases under Khedda operations and Executive and Protective Staff. |
| 3. Excise ... | ·21 | ... | This is due to increases under salaries and travelling allowance under (1) Superintendence, Salaries Establishment, and travelling allowance to officers, and carriage of liquor from Distillery to Bonded Depots under 2—District Executive Establishment, counterbalanced by a decrease under Secret Services, rewards, etc., and the non-recovery of the contribution due from the Civil and Military Station, which would go to reduce the expenditure. |
| 12. General Administration. | ·95 | ... | The increase is due chiefly to heavier payments on account of tour charges of H. H. the Maharaja, Viceregal visit charges, and Civil Secretariats. |
| 15. Pensions and Allowances. | ·50 | ... | Due to heavier payments under Superannuation and Retired Allowances and Commuted Value of Pensions. |
| 16. Stationery and Printing. | ·13 | ... | Due to increased expenditure on account of the cost of printing paper and stationery and of the piecework establishment. |
| 17. Miscellaneous. | ·31 | ... | Increases are due to the loss on sterling remittances and on sale of securities and writes-off of irrecoverable loans. |
| 18. Court of Law. | .. | ·35 | Due to the lump provision of Rs. 90,000 for giving effect to the recommendations of the Law's Delays Committee not having been fully utilised. |

| Heads | Increase in lakhs | Decrease in lakhs | Explanation |
|---|---|---|---|
| | Rs. | Rs. | |
| 20. Police .. | ·12 | ... | Increase chiefly under travelling allowance to officers and establishment and on account of staff employed for watch and ward on the Irwin Canal Works. |
| 21. Medical ... | 1·13 | .. | The increase is due to increased expenditure in the Krishnarajendra Hospital under Medical Staff and diet of patients, increased cost of Europe medicines, and to a fall in the anticipated contributions from Local Bodies on account of Local Fund Dispensaries. |
| 22. Sanitation and Vaccination. | ·22 | ... | The excess appears under special charges of the Vaccine Institute, Plague and other epidemic charges, and Health Survey charges booked under District charges. |
| 23. Irrigation Works charged to Revenue. | 1·45 | ... | Increased expenditure under Irrigation works, major and minor and restoration of minor tanks, and establishment owing to the formation of a Division for the construction of the Anjanapur Dam, and an adjustment of one lakh for reserve on account of capital expenditure account for the excess. |
| 24. Civil Works. | 3·85 | .. | Increased outlay on Civil buildings and miscellaneous public improvements and repairs of communications *less* savings under original works, communications, water supply charges, Establishment, and a write-back of ·34 under stock and suspense have contributed to the net result. |
| 25. Economic Development. | ... | ·22 | The decrease is the net result of savings under "All-India Exhibition" owing to the booking of building charges amounting to Rs. 39,562 under 24 Civil Works instead of under this head and owing to the receipts from the sale of tickets, etc., being taken in reduction of expenditure, counterbalanced by an increase of expenditure under other heads for which an additional grant was sanctioned. |
| 26. Education ... | .. | 1·20 | This is the combined effect of heavy lapses under grants for equipment of Primary and Middle Schools, conversion of cess schools and for additional requirements, grants to Local Bodies, Special Communities Education, Training Institutions and Sanskrit Education, and additional expenditure under grant to the Mysore University, Supervision, High Schools and Middle Schools and Technical Schools, and grant to Bose |

| Heads | Increase in lakhs | Decrease in lakhs | Explanation |
|---|---|---|---|
| | Rs. | Rs. | Research Institute and to the Bangalore City Municipality and a heavy fall in the anticipated income from contributions. |
| 27. Agriculture | 1·51 | ... | Increase due to charges of leave allowances and passage of Dr. Coleman, the salary of the Director of Horticulture, heavier payments on account of travelling allowance, of improvements effected in the Agricultural Farms, Royalty on electric lights in the Lalbagh, and special charges for the improvement of gardens, and the expansion of work in the Veterinary Department in connection with the manufacture of serum. |
| 28. Industries and Commerce. | ·11 | ... | The increase is due to expenditure on account of Dasara Exhibition, scholarships in Art Workshop, Laboratory for the Industrial Chemist, increased cost of tools and plant and Home Industries *less* savings under District Industrial Workshops and sugarcane mills. |
| 30. Grants for Public Improvements. | ·78 | .. | This is the net result of excess expenditure required to meet the cost of Government share of Tumkur Water Supply Works and survey charges of Tippagondanahally Reservoir scheme for improving the Bangalore water-supply *less* savings under Rural Reconstruction, Drinking water wells in villages, Malnad Improvement and miscellaneous expenditure on account of Pubic Improvements. |
| 31. Army ... | 1·13 | ... | The increased expenditure is observed under all sub-heads excluding Barr or Native Infantry, schools in Military areas and Military Stores which exhibit a decrease. The bulk of the increase is under Mysore Lancers, Kunigal Stud Farm, Superannuation and Retired Allowances and Military works. Purchase of remounts, equipment charges, purchase of new stock and payment of arrear bills are among the causes that have contributed to the increase. |
| Special Reserve for Non-recurring expenditure. | ·98 | ... | The adjustment was made in June 1928 (final) accounts to cover the cost of the Viceroy's visit debited to the Reserve. |